



REDWOOD ADVISORS

Sales Compensation Design

*Align your sales incentives with
your top strategic goals*

Sales Compensation Design: Process Overview

Phase	 Current State Assessment	 Compensation & Incentive Design	 Change Mgmt. & Implementation
Key outcomes	Establish clear alignment between company strategy & the behaviors the sales comp plan should drive	Design compensation model that reinforces goals, drives the right sales behaviors, and is practical for field execution	Streamline implementation of the future-state comp structure
Key activities	- Clarify top 3-5 strategic priorities (e.g., margin expansion, new geos, new products, cross-sell) - Analyze current sales comp. structure (e.g., base/variable mix, quotas, territory design) - Identify any unintended incentives or misalignment - Assess sales role clarity & comp. variances (e.g., outside reps, inside sales, etc.) - Identify key friction points (e.g., margin leakage, over-discounting, territory imbalance)	- Define guiding principles for the compensation philosophy - Determine optimal pay mix by role (base vs. variable) - Design incentive components tied to priority metrics (e.g., margin, product sales, logos) - Structure quota-setting methodology and performance thresholds - Align territory design and account segmentation with incentive structure - Pressure-test plan economics through scenario modeling	- Model total compensation cost across key scenarios - Validate plan against strategic objectives and expected behavioral shifts - Create comms materials for leadership and sales teams (key changes, why, benefits) - Set-up governance system (e.g., agenda, roles) - Lay out high-level KPIs & milestones - Create dashboards to track & drive progress

Projects can improve **sales productivity** by ~5-15% & increase **strategic product penetration** by ~10%+